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DEPARTMENT OF LABOR, FOR ILAB

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SUBJECT: DOMINICA'S LABOR UNIONS STRUGGLING AMID ECONOMIC
DOWNTURN

Summary

¶1. (SBU) Dominica,s labor union leaders were surprisingly upbeat in recent meetings, believing that Dominica,s isolation and small economy with a strong agricultural base will limit the impact of the global financial crisis on the nation,s economy. Cruise ship arrivals are holding steady at close to 500,000 visitors a year, and the only two business-class hotels in Roseau report that occupancy is holding steady at 90 percent and they have had no layoffs. Eco-tourism hotels are also fully booked, although most of them are small-scale operations. Despite this guardedly optimistic picture, labor unions remain concerned with bread and butter issues, including the rapidly rising cost of living and the need to form an umbrella labor federation. End Summary.

Public Workers Union Seeking Creative Solutions

¶2. (U) Public Workers Union General Secretary Thomas Letang told Laboff that public sector workers are facing sustained increases in the cost of living such that their salaries are for the most part insufficient to make a decent living. He pointed out that official salaries in Dominica are among the lowest in the OECS, noting out that the PM makes approximately US\$2,400 per month. Public sector workers have a GS-type salary scale with 33 steps plus five senior ranks. The lowest paid worker earns officially ECD 1,031 monthly (US\$381). The GM said that low salaries play a role in the perception that corruption is widespread. The recently created Public Integrity Commission has not accomplished much, he said, other than to receive financial disclosure forms. Letang described the forms as largely fictional listings of assets.

¶3. (U) The public sector union represents about 2,500 of the 5,300 public sector workers. The union engages in labor negotiations every three years, with the next round this summer. The last round led to a staggered 8 percent increase over a three year period. The GM doubted that they will be able to obtain such a large increase this time due to the dire straits of the economy. He stated that the government is suffering from reduced revenues due to a slowing economy impacting upon tax revenues. He is looking at creative alternatives, particularly improving benefits such as health care coverage. As another example of the creativity shown by the Public Sector Union leadership, the GM highlighted that, in response to the government privatizing security services, the union formed a company to compete for the contract and won it. The guards that used to be government workers now work for a private company, owned and operated by the union

at a profit. The profits go into the union coffers to help defray expenses and help fund social welfare programs.

WAWU Looking to Form a Federation

14. (U) One of the distinctive features of the labor landscape in Dominica is that there are six independent labor unions, each focused on one segment of the labor market, and they therefore do not always cooperate on areas of mutual interest. They range in size, influence and ideology, with the Workers Union being the largest, most diversified in its coverage, and most moderate in its ideology. All told, about 50 percent of the labor force is unionized, with almost half belonging to the public sector union. The government remains the largest employer. The Waterfront and Allied Workers (WAWU) Union represents the hotels, and financial sector, as well as Ross University -- the largest private sector employer on the island -- and workers in the port and cruise terminal. In contrast to PSU's Letang, WAWU GM Kerstist Augustus stated that Dominica was not doing that badly despite the slowing economy, because its economy is still agriculturally based with the tourism sector an important but not dominant industry as it is in other neighboring countries. Cruise ship arrivals, he said, are holding steady, as are overnight visitor numbers. The hotels have not had to lay off any workers. Construction is doing well, with a number of large scale infrastructure projects underway. (Comment: two of our AMCIT business owners, who operate a quarry and a cement plant confirm that construction is booming and they are very busy supplying cement to the local business community. End Comment.) Mr. Augustus said

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he has offered to lead the way to forming a onfederation with the other labor unions in Dominca and will be entering into negotiations with tem soon. He, too, like the public sector union eaders, is concerned with the rising cost of livng and the need to moderate wage demands in upcoming negotiations.

Minimum Wage Up for Renewal

15. (U) The minimum wage, last raised in 998, has been under review for some time. The gvernment has referred the issue to the social patnership committee, consisting of labor unions, the government labor commissioner and the employers' federation. The committee has not been able to gree on a new standard due to opposition from the business community. They opposed the proposed increases as too sharp. The unions point out, though, that most workers are already making more than the proposed new minimum. The committee is due to meet again and the WAWU GM Augustus believes a new minimum wage is likely to be adopted. The proposed minimum wage would be ECD4.00 (US\$1.48) for unskilled labor, ECD5.5 (US\$3.30) for clerks, and ECD5.00 (UD\$1.85) for home assistants. He pointed out that due to a shortage of farm workers and other unskilled workers, Haitian immigrants are actually being paid more than Dominican natives.

Other Unions Struggling to Stay Relevant

16. (U) Other unions, meanwhile, are struggling to remain competitive and relevant to their membership. The National Workers Union (NWU) is in particular trouble. It is the oldest union on the island and dates back to the days when Banana was the king crop on the island. Most of their workers were banana plantation workers. Now that there are only 900 banana farmers left and the industry has been decimated, they have lost most of their membership. Significantly, their hard-line Marxist ideology has also largely lost it appeal. Solidarity with the Cuban and

Venezuelan revolutionary brothers and sisters is not a compelling argument for joining the union as it once was, according to WAWU GM Augustus. (Comment: Laboff has met with the GM's of each of the unions, and felt that most of the unions were pragmatic and interested in working with the growing private sector. The NWU, however, seems stuck in a time warp. The President, Rawlings Jemmont in one memorable meeting last fall harangued Laboff, blaming the USG and its policies for the collapse of the banana industry and the general poverty of Dominica. He praised Cuba and Venezuelan alternatives to US-led imperialism. End comment.)

Comment

17. (SBU) The labor movement reflects the underlying social and economic trends in the island. The private sector is beginning to emerge with significant incoming foreign direct investment, particularly the arrival of MRB (the U.S. parent company that also owns DOMLEC the electric company) to take over the defunct cable television company, and the start-up of a call center operated by Alpharetta, Georgia-based Clear Harbor, which already is rivaling (American-owned) Ross University in terms of employment. They provide over 300 jobs in Dominica alone, and have operations in Grenada and Nevis and are looking at expanding into St Lucia. The older, hard line Marxist-oriented labor unions are having a hard time attracting members, while the more market-oriented pragmatic unions like the Allied Workers or the Public Sector Unions are gaining influence. One would predict that a true labor confederation will emerge in the near future as a means of stabilizing union influence in Dominica. The days when Banana was King and the Marxist NWU was powerful are long gone.

18. (U) In a side meeting, Julian Johnson, the head of Dominica's new Public Integrity Commission said that the Commission would greatly appreciate the opportunity to go to DC and at least one other state to meet with agencies involved in public corruption investigations. He acknowledged that the financial disclosure forms currently being submitted by local public figures are probably highly inaccurate. Until such time as the commission can learn how to interpret financial forms for evidence of misreporting, it is unlikely that government officials will take the exercise

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seriously. Post is following up to try to arrange a VVP or other appropriate training opportunities, including possible training programs that might bring trainers down to Dominica.

We also are looking at possible training programs coordinated with the State Partnership Program and have asked FAVACA, the Florida Association for Volunteer Action in the Caribbean and Americas, Florida's state version of the Peace Corps, for assistance as well.

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